THE HARTFORD COURANT
COMMENTARY
SUNDAY, MAY 11, 2003
SECTION C

The New Engine War

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The great engine war of the 1980s was fought between the American aerospace powerhouses Pratt & Whitney and General Electric as each struggled to be the dominant force in the global aerospace and aviation markets. Now a new engine war is emerging, one that is being fought not between companies but between American manufacturers and European nations — pitting our corporations against the combined countries of the European Union.

The new engine war is an integral part of the European Union's economic strategy. The Europeans want to ensure that their aeronautics and aviation companies eclipse their American counterparts in the global marketplace. The battle lines have been drawn over who will dominate manufacturing in the highly value-added industry of aerospace. The European Union understands implicitly the value of this manufacturing base and its economic importance, and it is prepared to provide direct subsidies to achieve its goal of global dominance. Conversely, the United States has let market forces determine the industry's future. With a level playing field and fair competition, our corporations are confident of their success. That, however, was not the case this past week.

The European Union established a timetable in the report "European Aeronautics: A Vision for 2020," published in January 2001. This document maps out the strong partnerships to be created between European nations and their aeronautics industry, an essential element to the European Union overtaking America's aeronautics business. Its goal is to see the European Union become the world's leader in this field, winning more than 50 percent of the market for aircraft, engines and equipment. The report suggests "better coordination and distribution between research funded at the EU level and programs sponsored by national governments and individual enterprises." And the plan calls for 100 billion Euros (about $87 billion) to achieve that goal.

European nations heavily subsidize their aeronautics and aviation industries. European nations are taking advantage of the fact that American businesses rely on competition and the free market to advance their interests. To counter American entrepreneurship, the European Union has consistently pumped financial support into European industries.

So when Airbus appeared ready to award a contract to Pratt, it was no surprise that French President Jacques Chirac said he would not accept any engines that were not European. On May 6, a consortium of European manufacturers was awarded the contract to build $3.6 billion worth of engines for a new military aircraft from the European aeronautics company Airbus even though East Hartford-based Pratt & Whitney's bid was 20 percent lower than the European consortium's.

This should serve as a wake-up call to the federal government and the

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American aeronautics industry that they are not competing on a level playing field.

In contrast to the vision set by the Europeans, U.S. expenditures on aerospace research and development have gone from $30 billion to less than $14 billion over the past two decades. This downward trend has paralleled the U.S. share of the world aerospace market, which declined from about 70 percent of the global market to less than 50 percent now. Furthermore, the Bush administration has proposed to cut aeronautics research another 5 percent over the next five years.

The loss of America's global leadership in the aerospace field would be a terrible blow to our nation's economy, affecting not only large corporations and their workforces, but small manufacturing businesses across Connecticut and the nation that play critical roles in fulfilling aerospace contracts. The United States also has a national security stake in this struggle: The strength of the American aerospace industry is directly related to the health of our military flight programs and the air superiority protecting our armed forces.

The federal government and U.S. industry must now step up to the plate to ensure our dominance is not lost. We must reinvest significant research and development dollars into the next-generation and generation-after-next technologies needed to maintain our industry's competitive edge. American industry and government must remain a step ahead of the European Union by making certain that our engine and aerospace manufacturing is at a level so superior and technologically advanced that the EU simply cannot match it.

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When this competition with Europe first became clear in 2001, a bipartisan group of lawmakers in the House and Senate introduced legislation that would double NASA and Federal Aviation Administration investment in research and development dollars in the American aeronautics and aviation industries. This would help U.S. industry maintain its leadership in the development and manufacturing of the most advanced aerospace technology.

Business must also be part of the solution. American companies are being forced to shed U.S. workers and farm out production overseas to secure international contracts and retain enough market share to be competitive. But they are really allowing the Europeans to gain an additional foothold in the market. Ultimately, as we saw last week, there is little to gain by moving jobs overseas. For the United States to remain the leader in aeronautics and aviation internationally, it will require the concerted effort of both government and business to protect the industry and aerospace jobs here at home.

American government and business cannot afford to stand idly by while the European Union attempts to achieve the goals set out in Vision 2020. American jobs, our national security and value-added industry are at stake.